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**Brazil's 1973 Soybean Crop**

**U.S. Cotton in East European Markets**

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# Brazil Is Expected Soybean Harvest

By STANLEY MEHR
*Fats and Oils Division*
*Foreign Agricultural Service*

BRAZIL'S SOYBEAN harvest in 1973 may be up as much as 24 percent compared to last year, according to a U.S. team which visited soybean-producing areas of Brazil in mid-December 1972. Acreage may mount by 28 percent.

Once a relatively insignificant soybean producer, Brazil last year ranked as the world's second largest exporter of soybeans, soybean meal, and soybean oil—trailing only the United States. Although the high demand for soybeans and products on world markets has kept prices high, rocketing Brazilian output and exports may eventually influence U.S. prices.

Although the forecast for 1973 is still highly tentative, Brazil's soybean crop this season may reach 4.1 million tons—up from 3.3 million tons in 1972. Area in soybeans is projected to climb to 7.2 million acres from 5.6 million acres planted last year. Average yield, however, may drop to 21 bushels per acre, down slightly from last year's unusually high 22 bushels per acre.

The excellent early condition of the crop in mid-December indicated that Paraná, the second largest producing State, could repeat its record 1972 yield—the highest in Brazil—of 26.6 bushels per acre. For Rio Grande do Sul, the largest producer, yield is expected to be slightly below the record high of 20.3 bushels per acre.

By mid-December, roughly 60 percent of the expected acreage had been planted in Rio Grande do Sul, 80 per-

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In addition to the author, the team included Seymour Johnson, American Soybean Institute, W. Garth Thorburn, U.S. Agricultural Attache, Brazilia, who accompanied the team in Sao Paulo and Parana States, and Joseph O'Mara, Assistant U.S. Agricultural officer, Sao Paulo, in the State of Rio Grande do Sul.

# To Have Excellent Again in 1973

cent in Paraná, and 100 percent in São Paulo State, a much smaller producer than the first two.

Acreages and yield estimates are, of course, subject to considerable modification, depending primarily on future weather.

In recent years, Brazil's rapid development in soybean production has been due mainly to acreage expansion and secondarily to yield improvement. If bean output continues to increase at a 20-percent rate for the next three crops (after this year), production would total 7 million tons by 1976, equivalent to 257 million bushels. A subsequent annual rise of 10 percent would result in an output of 10 million tons by 1980, or 367 million bushels—triple the 1972 level.

**Exports.** New production highs are causing a related gain in export trade. In 1972, exports totaled about 1 million tons of beans, 1.2 million tons of meal, and 50,000 tons of oil, substantially exceeding previous export levels. Needless to say, if a 4.1-million-ton crop is harvested in 1973, exports of beans, meal, and oil will again set new records.

Brazilian State and Federal Governments are encouraging the export of soybean products, particularly oil, rather than beans, in an effort to expand exports of processed products rather than raw materials.

States levy a tax on bean exports which averages about 14 percent nationally. However, meal and oil are exempt from this tax. In addition the Federal Government levies an "industrialized products tax," which is rebated to the extent of 8 percent of f.o.b. value on soybean oil exports. Also, processors receive a tax credit on meal and oil exports, which can be ap-

*Brazil's use of soybean meal in poultry rations (center) is estimated at 250,000 tons annually. Broiler chick production (top and bottom) is said to be growing by 20 percent a year, implying an annual increase in meal consumption of 50,000 tons.*

plied to income from domestic sales.

Finally, if a processor exports up to 25 percent of his output, he is entitled to a special line of credit both at commercial banks and the federally-owned Banco do Brazil. This is an extremely attractive incentive since Brazilian processors depend almost entirely on back credit for working capital.

**Consumption.** Although there are no reliable statistics on meal and oil consumption, soybean meal consumption in 1972 has been roughly estimated at 435,000 tons.

One industry source places 1972 broiler production at 400 million birds, which could mean a usage of about 250,000 tons of soybean meal, assuming a 20-percent soy meal ration content. The same industry source believes the broiler industry is growing by 20 percent per year, implying an annual increase in meal consumption of as much as 50,000 tons.

Hog production is said to be increasing only slightly, although rations reportedly are being improved as the industry modernizes. Some whole soybeans are said to be fed to hogs in Rio Grande do Sul, the main hog region. Cattle do not receive any soybean meal.

Soybean oil consumption in 1972 has been estimated at roughly 275,000 tons. Based on a population of 100 million, this is equivalent to per capita usage of 6 pounds a year. Consumption of other oils—especially peanut, olive, cotton, and corn, as well as sunflower and palm—in aggregate may be equivalent to soybean oil use. Vegetable oil consumption, therefore, appears to total at least 575,000 tons, or 12.6 pounds per capita per year—very low by U.S. and European standards.

**With the dynamic** growth in Brazil's income and population, however, prospects are good for expanded vegetable oil consumption, particularly soybean oil—the only domestically produced oil whose production is booming. Indications are that soybean oil consumption is increasing at about 30,000 tons per year. Industry sources believe this increase may gain momentum, as cottonseed and peanut production is likely to decline in the long run.

Although olive oil seems to be the preferred salad oil in southern Brazil, soybean oil is the main cooking oil. But soybean oil has become important too as a salad oil, being considerably cheaper than olive, peanut, corn, and cottonseed oil. Peanut oil, in response to high world prices, is being exported in increasing volume.

**Prices.** In terms of soybean prices, the Brazilian soybean farmer seems to be at a distinct disadvantage compared to the U.S. farmer. Brazilian inland freight is 10 to 15 cents per bushel higher than in the United States. Ocean freight is about 15 cents per bushel higher than from the United States, although this may decrease as port facilities are improved and harbors deepened.

Also, the 14-percent export tax on beans detracts from the farmer's price on the proportion of the crop exported as beans—amounting to roughly 10 to 15 cents per bushel on the crop. In all, the Brazilian farmer suffers a potential disadvantage of 35 to 45 cents per bushel. For the 1972 crop, the Brazilian farmer is said to have averaged about $2.65 per bushel, compared to the U.S. farmer's average of $3.05 per bushel in 1971-72.

**Outlook.** The availability of new land varies greatly among the Brazilian States suited for beans.

In Paraná, the highest yielding State, land is already very largely farmed in coffee, wheat, soybeans (as a double crop following wheat), cotton, corn, peanut, sugar cane, ramie, alfalfa, upland rice and pasture. An estimated 5- to 10-percent additional land, now in woods, can be used to up production.

Rio Grande do Sul, which accounts for about 65 percent of Brazil's bean acreage, has been farmed the longest and has little land not already in agricultural use.

Matto Grosso, a huge, undeveloped State, with insignificant bean acreage, presents enormous potential for bean expansion. Millions of acres in Matto Grosso seem to have soil, climate, and topography suited to soybeans. However, roads, railroads, and warehousing are practically nonexistent and most of the land is not even settled.

Shifts out of existing crops continue to present the major, immediate potential for bean acreage. In Paraná soybeans have replaced cotton, corn, and pasture, and also some coffee. However, coffee, corn, and cotton prices are now higher. In Rio Grande do Sul, important for cattle grazing, pasture is being plowed up for beans. Double cropping following wheat is common in Paraná and Rio Grande do Sul, and some marginal output could be added in this way.

**Brazilian farmers** may increasingly give up wheat and grow soybeans as a single crop. In this way, they can assure early soybean seeding and good seedbed preparation, providing better bean yield prospects. Although the Government support price on wheat is $2.65 per bushel—about the same as for soybeans—the bean yield is about 10 percent greater than that of wheat.

As of December 1972, when high, late-in-season prices were in effect, the bean price to the farmer was roughly $3.50 per bushel, making soybeans a far more profitable crop than wheat—unless the Government should raise the wheat support price sharply. Last, but not least, the 1972 wheat crop was a disaster—about half that of the previous year—due to frost, rain, and pests.

BRAZIL: SOYBEAN ACREAGE, YIELD, AND PRODUCTION, 1960-72

| Year | Rio Grande do Sul | | | Paraná | | | Total [1] | | |
|---|---|---|---|---|---|---|---|---|---|
| | Area | Yield | Production | Area | Yield | Production | Area | Yield | Production |
| | *1,000 acres* | *Bu. per acre* | *1,000 metric tons* | *1,000 acres* | *Bu. per acre* | *1,000 metric tons* | *1,000 acres* | *Bu. per acre* | *1,000 metric tons* |
| 1960 | 1,213 | 16.7 | 551 | 204.8 | 21.6 | 7.4 | 424 | 17.8 | 206 |
| 1961 | 1,376 | 11.5 | 433 | 295.5 | 20.9 | 9.0 | 595 | 16.8 | 272 |
| 1962 | 1,604 | 17.1 | 744 | 426.0 | 19.7 | 13.9 | 775 | 16.4 | 345 |
| 1963 | 2,153 | 16.7 | 977 | 751.7 | 20.0 | 17.9 | 840 | 14.1 | 323 |
| 1964 | 2,843 | 18.1 | 1,400 | 804.8 | 16.3 | 18.5 | 889 | 12.6 | 305 |
| 1965 | 3,732 | 20.3 | 2,060 | 1,284.4 | 19.1 | 44.1 | 1,067 | 18.0 | 523 |
| 1966 | 394 | 17.6 | 188 | 12.6 | 22.7 | 83.0 | 1,212 | 18.0 | 595 |
| 1967 | 561 | 16.5 | 253 | 15.8 | 20.3 | 113.3 | 1,512 | 17.4 | 716 |
| 1968 | 729 | 16.2 | 321 | 25.9 | 20.3 | 163.2 | 1,784 | 13.5 | 654 |
| 1969 | 786 | 13.8 | 295 | 32.9 | 18.6 | 213.6 | 2,239 | 17.3 | 1,057 |
| 1970 | 826 | 12.3 | 276 | 41.8 | 18.0 | 368.0 | 3,259 | 17.0 | 1,508 |
| 1971 | 955 | 17.8 | 463 | 84.8 | 24.8 | 543.0 | 4,033 | 18.9 | 2,080 |
| 1972 | 1,029 | 17.3 | 483 | 134.2 | 26.6 | 930.0 | 5,619 | 21.8 | 3,350 |

[1] Includes all soybean producing areas.

*Assistant Secretary of Agriculture Carroll G. Brunthaver told U.S. wheat growers in a recent speech that, compared with the 1966 situation—*

# TODAY'S FARM EXPORT BOOM HAS A SOUND BASIS

Nineteen hundred and seventy-two was a banner year for the American farmer, and one of the real high points in history for the wheat industry of this nation. It has never sold as much wheat before. Wheat export sales were up one-third from the old record, and prices have been the highest in 25 years. Wheat income this year was up some $388 million above last year.

Other farm commodities did well too, with high prices and high sales volume for soybeans, corn, and many livestock products.

As a result, net farm income this year will total around $19 billion. The previous record net farm income was $17.1 billion way back in 1947. Farm families will have record-high spending power.

Wheat growers have seen their spending power—the value of their crop plus their direct payments—rise from $2.68 billion in 1968 to $3.05 billion in 1971 and $3.43 billion in 1972. The value of this crop plus payments in 1973 will be about $4.2 billion!

Nineteen seventy-three looks like another banner year, then. But more often than not, banner years have been followed by busts.

Is 1973 really any different? No one can say for sure—but there are fundamental differences between the American farmer's position 6 years ago and his position today.

**There is a big difference in the breadth and depth of demand for U.S. farm products today.**

In the mid-1960's the surge in demand was mostly wheat, and the export increase went almost entirely to the USSR and India. The Russians bought what they needed from Canada, and the U.S. wheat was shipped to India under the Public Law 480 program. When India and Russia got good weather for their crops, they dropped out of the world grain markets and the bust was on.

In 1972, the surge in wheat demand came on top of strong and increasing demand for U.S. livestock products, feedgrains, and oilseeds. The plane of demand is higher, with market strength coming from domestic consumers and from many countries around the world.

The reason for the increased farm trade is that the world is getting a better standard of eating. Per capita gross national products in both the developed and developing countries have achieved real growth rates of 3 percent per year in recent years. Much of this increase in real spending power is going for food, and it is booming the demand for livestock products, grains, and oilseeds.

The USSR is one example of the trend. The Russian Government has promised to increase the livestock component of the people's diet by 25 percent in the current 5-year plan. Even with good wheat crops in coming seasons, the Russian Government will have to import grains and protein meal to make good on that promise.

The USSR and China made the big headlines this year; but many other export markets have had strong growth trends.

The big growth market for U.S. wheat has been East Asia—Japan, South Korea, the Republic of China, and the Philippines. U.S. wheat exports to these four markets should top 200 million bushels this year—double their mid-1960's rate. Other growing markets include Venezuela, Central America, the Caribbean, the west coast of South America, countries of north Africa, and Nigeria.

Feedstuffs markets have been growing even faster than wheat markets. The world is bidding for feedgrains and oilseeds—and these compete for U.S. farm acres and help strengthen wheat markets too.

The world feedgrains trade has been growing about 5 percent a year—and in the past 3 years this has quickened even further to more than 9 percent a year.

World trade in oilseeds has been the most dynamic of all—it has grown between 8 and 10 percent annually for the past 10 years. That is one reason why U.S. farmers have been able to double their soybean export acres.

Japan has been the big growth market for U.S. grains. This year Japan can be expected to import about 17 million tons of grain—about 10 million from the United States, up 70 percent from the mid-1960's. Even with this increase, the Japanese are eating only 4½ pounds of beef per person—compared with the 114 pounds consumed in this country.

If this rising demand for U.S. farm products is translated into the acres required to produce them, 6 years ago the United States exported about 55 million acres of wheat, feedgrains, and soybeans; this year it expects to export about 70 million acres of these crops, not including the acres used to produce livestock and livestock products for export. These acres mean income dollars for farmers, as well as business for transportation lines, farm-supply businesses, processors, and other segments of the economy.

**The demand this year is effective demand, in commercial markets, for dollars.**

The USSR and China have made their purchases this year in the market, like other commercial customers. Even the credit package offered to the Russians was the same as was offered to other export buyers. India too is buying the wheat it needs this year commercially, with dollars. This is in sharp contrast with 1966, when the United States shipped wheat to India for rupees, which it then loaned back to the Indian Government.

This year's commercial sales are a much sounder basis for the U.S. farm economy than the concessional sales of 1966.

Six years ago, the Federal Government made the decisions. In 1973, farmers will make them.

In 1966 and 1967, American agriculture was still under tight Government control, with acreage allotments and production bases. The U.S. Government decided how to respond to the Indian famine: how much wheat to ship, what classes, what coast to ship it from. The U.S. Government set the price on wheat. The Government launched the big publicity effort on the "world food crisis." And the Government also boosted wheat allotments by

30 percent for 1967.

This year, farmers themselves are deciding when to sell their wheat, and what price to sell for. The United States has a cafeteria-style farm program that does not control farmers' plantings: farmers are making most of the decisions on how much land to plant in wheat and how much to set aside.

**Six years ago, wheat was being shipped from Government stocks. Today, the Government is nearly out of the stocks management business.**

Furthermore, the Government hopes that with moderate support levels and encouragement of exports, it will stay out of stocks management, leaving the reserve stocks under reseal on farms, where farmers can make the sales decisions—and the profits.

Many farmers have also made the decision to sell 1973 wheat futures on forward contracts—to lock in the current high prices no matter what may happen to the market between now and harvest. More and more wheat growers may make use of these techniques as the market becomes a more important factor in the wheat business again.

In 1973, U.S. farm programs are tuned to increasing the opportunities for exports.

Six years ago, U.S. farm programs were just beginning the shift toward export opportunities. They were still basically geared to the domestic market and production controls. Today, the set-aside programs encourage farmers to produce what the market wants, and produce it at the lowest possible production cost.

With the management freedom of the set-aside programs, farmers have shifted the cropping patterns on tens of millions of acres, to produce more efficiently and compete more effectively for export sales.

**In 1973, American farmers also have a more favorable international trade climate than they did in 1966 and 1967.**

President Nixon has opened new trade relationships with the Soviet Union, China, and Eastern Europe that have already paid tremendous dividends—and will pay off even more handsomely in the years to come.

The devaluation of the dollar has helped to make U.S. exports more attractive to foreign buyers without hurting U.S. farmers' profits.

The United States has worked hard to lower trade barriers for its farm products in foreign markets—and it has made significant progress in some areas. All this helps exports.

All these factors make the outlook in 1973 far different than it was in the mid-1960's.

The Department does not expect wheat exports next year to match this year's extraordinary level. However, it does expect a strong overall sales picture for U.S. commodities; in fact, it believes the $10-billion farm export level can be maintained. That would mean a continued high sales volume, and a lot of dollars in farmer income.

The USSR may be back for some more wheat. It will need to rebuild its stocks. Its winter wheat crop was below the planned seeding too, and a poor crop would increase the likely purchase level. Certainly the Russians can be expected to be back for more feedgrains and soybeans, which will compete for crop acres.

India may be in the wheat market again—particularly if this year's drought is again followed by a dry year. The weather cycle indicates that a really good Indian wheat crop is unlikely this year.

China bought more than $50 million worth of U.S. commodities this year, including 15 million bushels of wheat. The question is how much and how fast the Chinese market will grow. But if the Chinese want access to the U.S. market for their goods, they know they must buy from the United States too.

With these possibilities, plus the steady growth anticipated in other export markets, farmers can look for strong demand and relatively good prices through next year.

The crucial year is likely to be 1974, when Canada and Australia could shift major acreage back to wheat. Even that would be at the expense of their feedgrain, however—and that might strengthen the feedgrain market.

Basically, however, the market is telling farmers that they are dealing with a new level of world demand for farm products. The efficient American farmer will find, in 1974 and 1975 and the years beyond, good commercial markets for significantly more farm products than in the past.

## U.S. Farm Export Unit Prices Up

Unit export values for 15 out of 27 selected major U.S. farm products climbed significantly in July-November 1972, compared with levels of a year earlier. For three products they were unchanged, for nine they declined.

Cattle hides led the field with average unit values that more than doubled from July-November 1971. Raisin prices nearly doubled, and grape prices rose by more than a half, because frost cut production.

Limited supplies coupled with sharply expanded demand, principally in Europe, boosted soybean meal prices nearly a fourth. Reflecting the divergent price changes for the two principal soybean products—meal values were up by 23 percent, oil values were down by 13 percent—soybean prices averaged 10 percent higher.

The other products whose export values rose were pork, dried peas, shelled almonds, edible offals, milled rice, lemons and limes, peaches, cotton, tobacco (unmanufactured), and wheat—by percentages that ranged downward from 26 to 5.

Export values for oranges and fruit cocktail were unchanged. Average prices for feedgrains were down slightly from the unusually high levels of 1971. Foreign demand for feedgrains continues strong; the slightly lower average prices are a reflection of more plentiful exportable supplies during the current fiscal year. Corn prices remained unchanged, but sorghum prices went down 3 percent.

Expanded world supplies of fats and oils, including the increasing volume of soybean oil available from the crushing of U.S. soybeans by European processors, have brought down the unit values of inedible tallow, soybean oil, and cottonseed oil. These declines range from about a tenth lower for inedible tallow exports to nearly a fifth lower for cottonseed oil exports.

To a less degree, value declines occurred also for dried beans, chickens, dehydrated alfalfa meal, and beef and veal.

# U.S. Cotton Team Assesses Trade Potential in Eastern Europe

By JOSEPH H. STEVENSON
*Cotton Division*
*Foreign Agricultural Service*

A team of U.S. cotton experts who visited five East European countries in late 1972 believes that these countries could provide an expanded market for U.S. cotton in coming years.

Marketing prospects for U.S. cotton were evaluated by the team in Poland, Czechoslovakia, Hungary, Romania, and Yugoslavia, which traditionally buy most of their cotton from the Soviet Union, the Near East, and Africa.

The team reported trade and industry representatives in Poland, Romania, and Yugoslavia are favorably inclined to U.S. cotton when it is competitive in price and quality, while mills in Czechoslovakia and Hungary are in large measure unfamiliar with U.S. cotton since they have not imported any in recent years.

The normalization of commercial relationships between the United States and Czechoslovakia, Hungary, and Romania should open considerable possibilities for developing and expanding cotton trade with these countries, the team reported.

Trade and industry representatives in these countries consider the extension by the United States of most-favored-nation (MFN), tariff treatment to be an important factor in increasing their purchases of U.S. cotton and other farm products.

In recent years, total cotton imports by the five countries have averaged between 2.1 million and 2.5 million bales annually. Indications are that total imports will expand in 1973, with possible annual imports of 3 million bales in the foreseeable future.

With improved commercial relations, U.S. cotton exports to Eastern Europe could account for 10 to 15 percent of their annual requirements, if U.S. cotton is competitive in price, quality, and availability. In fact, imports of U.S. cotton are already rising, with the total expected to be up to about 150,000 bales in 1972-73, compared to 93,000 bales in 1971-72.

At present, the economies of these East European countries are expanding at a significant rate and their foreign trade is expected to rise proportionately. Most trade is carried out under bilateral trade agreements, open-account clearing arrangements, and barter—although some is on a commercial basis. In view of limited foreign exchange resources, these countries prefer to strike a balance between exports and imports with their trading partners.

Cotton purchases in the countries visited are carried out by government trading organizations, which generally buy cotton requirements once or twice a year within a short period. Since large quantities of a given quality are purchased, preference is normally given to sellers of large lots of cotton. Also, preferred treatment is given to sellers willing to barter or assist in developing counterpart markets for exports to generate a means of payment for cotton imports.

Government, industry, and trade representatives in all five countries indicated an interest in developing or expanding contacts between their cotton spinning industries and the U.S. industry. Romanian cotton representatives participated in the 1972 U.S. Cotton Orientation Program, and the other nations indicated an interest in participating in future programs. All indicated an interest in having U.S. cotton spinning technologists visit their mills to advise on U.S. cotton use.

*Cotton processing in a textile mill in Hungary where the industry is being modernized and expanded.*

Since mills in Czechoslovakia and Hungary have not used U.S. cotton in recent years and are not familiar with its characteristics, the team recommended the U.S. cotton industry provide test lots to Czechoslovakia and Hungary to develop familiarity with the product, in anticipation of possible future imports.

To finance cotton imports, all countries indicated interest in Commodity Credit Corporation (CCC) credit programs, as well as USDA's barter program. Consequently, the team recommended that these programs be continued and expanded for Eastern Bloc countries.

**Poland.** Future expansion in the Polish textile industry is likely to be slow—particularly since industrial expansion has been directed toward other industries.

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**This article is based on a report by team members, who were, in addition to the author, Carl C. Campbell, Cotton Council International, Washington, D.C., who headed the team; Julien J. Hohenberg, Memphis, Tenn., and Walter C. Clark, Dallas, Tex., American Cotton Shippers Association; and Stephen Bowkett, Brussels, Belgium, AMCOT.**

However, plans are reported to be underway for mill modernization, and one new 200,000-spindle mill is being built. At present, spindles in place total about 2.1 million.

A polyester plant now in early production will probably cause a sharp increase in manmade fiber production in Poland this year. Combined with Poland's adverse balance-of-payments situation, this could deter raw cotton consumption in the future.

Annual cotton consumption is likely to remain at the present 750,000 bales, or increase only moderately. Because of the nature of cleaning equipment, Polish mills purchase cotton in the medium to higher grades, with staple lengths from about 1-1/16 to 1-3/32 inches.

Polish imports of cotton from Russia this season will probably total about 435,000 bales, imported under a long-term bilateral agreement at a fixed price. Also imported under bilateral agreements will be about 40,000 bales from Egypt and 30,000 or more bales from Brazil. Although poor harvesting weather may cause a decline in the 110,000 bales normally imported under bilateral agreements from Greece, Iran, Syria, and Turkey, imports from Pakistan may exceed the 40,000 bales normally imported.

Poland has already contracted for 35,000 bales of U.S. cotton this season, and may require at least 35,000 more to offset the Middle Eastern shortfall in high-grade supply.

Poland's high U.S. imports this season may be due more to grade problems in competitive Northern Hemisphere crops than to long-term improvement in the competitive position of U.S. cotton. In the future, lasting expansion of U.S. cotton exports will depend on Poland's ability to increase dollar earnings substantially.

**Czechoslovakia.** Old equipment is being modernized under the current 5-year plan, resulting in a decline from 3 million to 2.1 million spindles. Czechoslovakia now has about 40,000 open-end spindles, estimated to produce 4 times more yarn than regular ring spindles. By 1975, about 25 percent of spinning capacity is expected to be open-end spinning. The Czech factory producing the new open-end spindles has a high rate of production, and a worldwide sales drive is underway.

The Czechs have also developed a jet loom which appears to offer considerable promise. Foreign financing is being sought for a new multiple-shuttle high-speed loom.

Czechoslovakia currently imports about 525,000 bales of cotton a year. Although imports dipped to 378,000 bales in 1969, they rebounded to 522,000 bales in 1970, and are estimated at about 525,000 bales in 1971 and 1972. Czech manmade fiber usage is estimated to be about 50 percent greater than cotton consumption.

Textile industry representatives indicated that Czech mills need medium to higher grade cottons with a staple of 1-1/32 to 1-1/8 inches. Refinements of open-end spindles now allow lower qualities of cotton to be processed on this equipment.

Czech cotton imports are obtained almost entirely on the basis of bilateral agreements. The Soviet Union is by far the largest supplier, usually accounting for over 60 percent of total imports. The balance of Upland cotton is obtained from Iran, Syria, and other countries.

***"Poland has already contracted for 35,000 bales of U.S. cotton this season, and may require . . . more to offset the Middle Eastern shortfall."***

A shortage of hard currency and the ability to sell products in soft currency countries were cited by Czech officials as important considerations in deciding on source of supply of cotton. Other factors included quality, price, and credit terms.

Czech officials indicated an interest in U.S. cotton, and stressed the importance to them of receiving MFN treatment on Czech exports to the United States. Otherwise, there appears to be little prospect of U.S. cotton sales in quantity. However, the Czechs may be interested in developing outlets for spinning equipment in the United States, which could provide a basis for the reciprocal trade considered necessary for U.S. cotton purchases.

**Hungary.** Under the current 5-year plan, the textile industry is being modernized to increase output and improve efficiency, particularly of labor, which is in short supply. Hungary has over 600,000 spindles, of which about 4,000 are open-end spindles on which higher quality cotton is used.

With existing equipment, Hungary cannot produce all the textiles needed for domestic and export needs. For example, some 20 million meters of grey cloth are imported annually to be finished into textile goods, including garments, many of which are exported.

Weaving capacity in 1970 was almost 400 million square meters. Of more than 300 million square meters of cloth produced, 40 percent was exported as piece goods and the remainder was used by the garment industry for export or domestic consumption. By 1974-75, cotton textile production is expected to rise about 15 percent.

While cotton usage is expected to remain high, the percentage of cotton consumed, compared to total fibers, is slated to decline 5 to 10 percent between 1970 and 1975.

Hungarian cotton imports in 1973 are forecast at 350,000 to 375,000 bales, up about 10 percent from the 1972-73 season. About 10 percent will be extra-long-staple cotton from Egypt and the Sudan.

About 50 to 60 percent of Hungary's cotton imports are from the Soviet Union under a long-term reciprocal trade agreement. Upland cotton is imported from Turkey, Greece, Iran, and Syria. Hungary has indicated interest in buying cotton from Brazil, Colombia, and other countries which market between March and May, thereby reducing the cost of carrying cotton.

Willingness of cotton exporting countries to buy Hungarian industrial products is a factor influencing cotton purchases, as well as time of purchase, price, terms, and continuity of supply.

The United States has supplied cotton to Hungary only once since World War II—25,000 bales in 1964.

Hungarian purchases of U.S. cotton in the future are unlikely until MFN treatment is granted for U.S. imports of Hungarian products, as a 30-percent import duty makes U.S. cotton noncompetitive. If the MFN question is settled, Hungarian officials indicate an interest in importing some 25,000 bales of U.S. cotton annually.

In any case, Hungary has shown interest in obtaining CCC credit for purchasing an additional 25,000 bales of

U.S. cotton to be processed in third countries with the products shipped to Hungary for further processing.

Hungarian mill representatives are primarily interested in medium quality U.S. cottons, generally in the range of Middling and Strict Middling, 1-1/32 to 1-3/32 inches.

**Romania.** Romania's textile industry is relatively modern, with about 1.2 million spindles operating on cotton and cotton-type fibers. Plans are to add about 100,000 to 120,000 spindles a year up to 1975.

Many new mills have been built since the mid-1960's and the average age of spinning equipment is now only about 6 or 7 years. Weaving capacity is much greater than knitting at present, a situation expected to continue.

Because of the low spinning capacity, Romania now imports yarns, but by 1975 it plans to reach self-sufficiency in yarn production and even begin exporting. Cotton yarn output increased from a monthly average of 6,520 tons in 1965 to over 10,100 tons in 1971.

In recent years, cotton consumption has increased by about 45,000 bales a year—from about 320,000 bales in 1970 to 415,000 bales in 1972—and is estimated at 460,000 bales in 1973. Textile officials expect cotton usage to continue to increase, but at a slower rate than manmade fibers.

Total cotton imports ranged from about 300,000 to 370,000 bales between 1966 and 1971, with about half supplied by the Soviet Union. Other major suppliers include Iran, Syria, Turkey, Sudan, and Egypt, and occasionally Brazil and Colombia. Romania usually purchases medium to higher grades, 1-1/16 inches and longer.

In recent years the United States supplied no cotton to Romania until 1970, when 3-year CCC credit was made available. Imports in 1970 totaled 59,000 bales and in 1971, 47,000 bales. Romania has purchased over 60,000 bales for shipment in the 1972-73 season, and may purchase a few thousand additional bales if satisfactory quantities cannot be obtained under its bilateral arrangements with other producing countries.

Romania's planned expansion of its textile industry will require additional imports of cotton. Textile mills and purchasing officials are favorably inclined toward U.S. cotton, but purchases would depend on Romania's being able to balance trade by selling products to the United States. The level of trade should increase if Romania is accorded MFN treatment.

***"Normalization of commercial relationships . . . should open considerable possibilities for developing and expanding cotton trade with these countries."***

If satisfactory cotton credits continue to be available, Romania's imports of U.S. cotton could range from 120,000 to 180,000 bales annually, provided MFN treatment is accorded and agreement is reached on other trade matters.

**Yugoslavia.** The spinning sector of the textile industry is being modernized and most of the over 1 million spindles are relatively new. The weaving sector of the industry has not been updated, however, and the use of open-end spindles is still experimental.

Textile mills in Yugoslavia are currently operating 7 days a week, either on a three-shift or a four-shift basis. Labor, operating 42 hours a week, is plentiful.

Cotton imports by Yugoslavia totaled about 320,000 bales in 1971-72 and ranged between 361,000 and 458,000 bales in the preceding 5 years. Imports in 1972-73 are expected to rebound to about 425,000 bales, as a result of stock rebuilding and increased export demand for cotton textiles.

Cotton consumption is expected to increase moderately in the future. While some growth is expected in the domestic textile market, the demand for textiles for export will be an important determinant of cotton consumption. Yugoslavia is interested in the full range of cotton qualities.

Cotton purchasing policies continue to favor countries with which Yugoslavia has bilateral trade agreements—chiefly the Soviet Union and developing countries which accept Yugoslav goods in trade. Some priority is also placed on purchasing for foreign currency earned through cotton textile exports, on barter, and on credit arrangements. Officials emphasized Yugoslavia's lack of foreign exchange as a factor in not buying from some sources, such as the United States. However, the trade balance with the United States has improved substantially in recent months.

Yugoslavia imports cotton from about two dozen countries, with the Soviet Union the largest supplier by far. Other important suppliers include several Near Eastern and African countries and Pakistan.

From 1960 to 1967, the United States was the largest supplier of cotton to Yugoslavia, as substantial quantities moved under Public Law 480 and CCC credit. However, imports of U.S. cotton have dropped to less than 1,000 bales annually in the last 3 years, and industry representatives indicate that they are not now familiar with the quality and processing characteristics of present U.S. cotton.

To facilitate sales, U.S. cotton exporters might arrange for sales of Yugoslav products in this country or arrange additional exports through barter or processing arrangements involving third countries. If Yugoslavia resumes U.S. cotton imports, CCC credit and/or other U.S. financing facilities will probably be used.

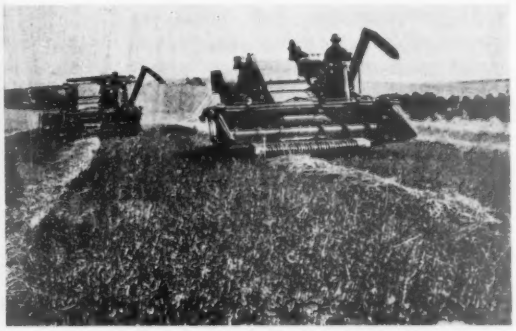
***"Willingness of cotton exporting countries to buy Hungarian industrial products is a factor influencing cotton purchases."***

The Yugoslav Government is considering import liberalization of cotton and certain other commodities beginning in 1973. This might permit Yugoslav cotton importers to purchase from whatever source they desire, although some restrictions may continue for a limited time.

While a return to the 1960-64 annual average of 112,000 bales may not be imminent, it is reasonable to expect that the United States may export about 50,000 bales annually to Yugoslavia in the near future, provided satisfactory two-way trade developments continue, attractive financing is made available, and U.S. cotton is competitive.

# South Africa's Farm Imports And Exports Rise As Economy Expands

By JOHN C. DUNMORE III
*Foreign Demand and Competition Division*
*Economic Research Service*



*South Africa's expanding agricultural production should increase the market for U.S. farm machinery, such as the harvester shown above, and other industrial farm products.*

THE REPUBLIC OF South Africa is a growing market for a number of U.S. agricultural products and a potential market for some others. On the other hand, the Republic competes with the United States in world markets with some of its agricultural commodities.

During the sixties South Africa's general economy and overseas trade both prospered. Total imports rose at a more rapid pace than exports, reaching $4.03 billion in calendar 1971. The increase in imports is expected to continue since the economy is still expanding.

The Republic's major agricultural imports are tea, cotton, rice, and wheat. Tea is the most important, and imports increased gradually over the sixties with Ceylon as the longstanding major supplier. In 1971, U.S. agricultural imports, mostly rice, cereals, animal and vegetable fats and oils, tallow, wheat, and cotton, reached $30.6 million.

Rice imports have been trending upward and the trend is expected to continue because consumption is rising and domestic output is small. The United States is the No. 1 supplier, holding 93 percent of the market in 1971, when it shipped nearly 84,000 metric tons valued at $15.3 million. Brazil and Argentina are far behind, competing for second and third places. However, if Brazil's performance in the South African market continues to improve, the U.S. position could be adversely affected. At present, the United States has an advantage because South Africans prefer U.S. rice.

Weather is an important determinant of wheat imports. However, prospects for expanded imports from the United States are small for two reasons: First, South Africa has increased its domestic production with five successive record wheat crops; and second, when imports are needed, Australia and Canada have been traditional suppliers. U.S. shipments dropped from an average of 47,000 tons in 1962-64 to 5,000 tons in 1971.

Cotton is the Republic's second largest import and purchases continue to increase. The United States was the major supplier of raw cotton in the early sixties, but in recent years the U.S. share has declined drastically. In 1971, U.S. sales were only 21,089 bales. Since the late sixties Brazil has dominated the South African cotton market mainly because of lower prices and a less expensive fiber. Brazil's 1971 shipments totaled 62,499 bales. In 1971, however, Rhodesia supplied over a third of South Africa's raw cotton needs and its share of the Republic's market is expected to rise.

Domestic supplies of red meat in South Africa (including unrecorded movements of cattle and carcasses from Namibia, Lesotho, Botswana, and Swaziland) have not kept pace with local needs. Imports of meats and products from outside the South African Customs Union rose from less than $1 million in the 1962-64 period to over $15 million in 1971. Rhodesia has been a traditional supplier.

Agricultural imports from the United States as a percent of total agricultural imports declined through the sixties, but recovered somewhat by 1971. If the Republic's agriculture continues to expand as it has in recent years, the possibility of a further downward trend in farm imports from the United States is very real unless new markets are found within the country.

For example, legalizing the use of yellow margarine in the Republic has created a new demand for vegetable oils which the United States might supply. Also, there is a growing need for frozen and prepared convenience items, which could provide an outlet for U.S. products. In addition, the Republic's increased agricultural production should enhance the market for U.S. farm machinery and other industrial farm products. The U.S. share of this market already is prospering.

South Africa's total exports also have been expanding. By 1971, they had reached $2.14 billion (excluding gold).

Major agricultural exports are wool, corn, sugar, fruits (fresh and preserved), and hides and skins. Sales of these commodities fluctuate in relation to climatic conditions which control the size of the crops. Total farm exports reached $606 million in 1971, an increase of $55 million over the average for the 1962-64 period, but a slight decline from the level of 1967-69.

The major areas of competition with the United States are in the fresh and

preserved fruit markets of the European Community (EC)—including the United Kingdom, where both deciduous and citrus fruits from the Republic entered duty free before that country joined the EC. In addition, South Africa enjoys a seasonal advantage for fresh fruit shipments to the EC. These sales expanded rapidly during the 1960's. However, increased storage, handling, and transportation technology are gradually eroding seasonal barriers.

South Africa ships only a small quantity of fresh fruit to Japan, but if Japan continues to ease citrus import requirements, the Republic's traders expect orange sales to Japan to rise.

The canned fruit market is highly competitive since there is no seasonal advantage. Now that Britain has entered the EC, South Africa will lose its preferential treatment and the large U.K. canned fruit market will be open to expanded sales from EC members and from third country exporters such as the United States. However, South Africa is in the middle of a diversification scheme, part of which is aimed at the EC. Sales of canned fruit, especially peaches, to EC member countries have increased over the 1960's.

South Africa increased its share of Japan's 5-million-ton corn market to 22 percent in the May 1971-April 1972 period, from only 7 percent in the comparable period a year earlier. At the same time the U.S. share dropped from 65 to 46 percent.

From the beginning of Britain's negotiations to join the EC, South Africa's export trade has been diversifying. Traders, however, resisted turning away from the profitable U.K. market. Thus, the absolute value of agricultural exports to the United Kingdom remained fairly stable, while most increases were mainly from Japan, Germany, and other West European markets.

The devaluation of the South African rand in December 1971 by 12.3 percent—4.4 percent more than the dollar devaluation—was expected to dampen the effects of Britain's accession to the EC and also make South Africa's products less costly in some EC countries and in Japan. This should encourage further diversification of the Republic's agricultural exports.

*Fresh oranges, a major South African export, ready for shipment. Left, grain silos at Durban harbor that handle yellow maize, grain sorghum, and buckwheat for export.*

*Citrus production in the low velt area of South Africa near Nelspruit.*

The devaluation could not have come at a more opportune time for South Africa's canned fruit exporters. They now will be able to show reduced prices in response to the high tariff that will be imposed on canned fruit as Britain enters the EC.

Further, if current negotiations between third country exporters and the Community to lower tariffs on farm commodities are successful, South Africa would benefit under the most-favored-nation clause of the General Agreement on Tariffs and Trade.

Another major area of competition with the United States is in corn. Since 1883, the Republic has been a net exporter of corn and corn products, importing only small quantities when production was sharply reduced by exceptionally severe droughts. Traditionally, the United Kingdom has been the major outlet for South African corn, but since the fifties Japan has become the dominant market, taking more than a third of the Republic's available corn exports. The United States and South Africa are competitors, particularly in the Japanese market, where South Africa has a geographical advantage and where there is a preference for South African corn.

Corn exports from the Republic in 1972 were expected to reach a new high of a 3.2 million metric tons, following a record crop of 10.3 million tons. Although substantially more corn has been available for export, shipments may be limited by the ability of the railways to move the corn to ports.

South Africa also competes with the United States for animal feed markets. South African fishmeal and oilcake exports compete with U.S. soybean products in the United Kingdom, the Netherlands, West Germany, and Brazil.

In addition, the Republic ships some tobacco to Britain and the EC—both U.S. markets—and a small quantity of hides and skins to the EC.

During the sixties, wool was the most important agricultural source of foreign exchange for the Republic. In the early 1960's the value of wool exports often exceeded the total value of all agricultural imports. Although the quantity of wool shipped has risen in the last decade, the value has declined, reflecting worsening world market conditions for wool. In 1970-71, prices on the South African market fell to their lowest level in 20 years.

Exports of wool to Japan haxe expanded while those to the EC have dropped. The United States is a declining market and shipments to the United Kingdom also are falling off.

In 1971, sugar, traditionally the Republic's third largest agricultural export, replaced wool in the No. 1 spot. Overseas sugar sales have risen sharply, reaching a value of $90.9 million in 1971 and surpassing corn as well as wool. Market diversification, which has lessened the Republic's dependence on the British market, has resulted in Japan's becoming the major outlet for South African sugar. Japanese imports rose from $14 million in the 1962-64 period to $37.1 million in 1971. Also in 1971, the Republic shipped $13.7 million of sugar to the United States. The 1971-72 sugar harvest reached a record level and, since world market prices were high in 1972, the value probably increased further.

SOUTH AFRICA'S AGRICULTURAL TRADE: TOTAL VALUE AND U.S. SHARE

| Commodity | Average | | | | Annual | | | |
|---|---|---|---|---|---|---|---|---|
| | 1962-64 | | 1967-69 | | 1970 | | 1971 | |
| | Value | U.S. share | Value | U.S. share | Value | U.S. share | Value | U.S. share |
| Imports: | *1,000 dollars* | *Percent* | *1,000 dollars* | *Percent* | *1,000 dollars* | *Percent* | *1,000 dollars* | *Percent* |
| Animals and meat | 1,673 | 13.6 | 14,674 | 2.2 | 22,961 | 5.8 | 16,850 | 2.5 |
| Dairy products and eggs | 4,195 | 63.0 | 3,205 | 8.0 | 10,581 | 28.0 | 26,115 | 5.0 |
| Wheat | 12,395 | 26.0 | 11,251 | 19.0 | 7,335 | 1.0 | 2,811 | 12.0 |
| Rice | 8,147 | 90.0 | 14,664 | 94.0 | 12,852 | 94.0 | 16,400 | 93.0 |
| Fruits and vegetables | 7,588 | 10.0 | 10,399 | 12.0 | 14,987 | 8.0 | 15,297 | 9.6 |
| Sugar and preparations | 2,428 | 2.0 | 2,793 | 7.0 | 4,240 | 6.0 | 5,017 | 5.6 |
| Coffee, tea, cocoa, spices | 31,365 | — | 36,167 | — | 37,216 | — | 39,246 | — |
| Tobacco, unmanufactured | 1,328 | — | 4,737 | — | 7,123 | — | 5,097 | — |
| Cotton | 13,420 | 34.0 | 15,664 | 14.0 | 15,653 | 4.0 | 26,246 | 11.5 |
| Crude animal and vegetable materials | 3,806 | 33.0 | 7,765 | 20.0 | 11,531 | 24.0 | 10,292 | 17.4 |
| Tallow | 4,658 | 33.0 | 4,215 | 27.0 | 6,087 | 14.0 | 6,478 | 23.4 |
| Other animal and vegetable fats and oils | 4,704 | 1.0 | 7,343 | 10.0 | 9,120 | 12.3 | 8,783 | 26.5 |
| Other | 35,352 | 6.5 | 49,247 | 12.4 | 26,373 | 12.6 | 29,146 | 11.4 |
| Total agricultural imports | 131,059 | 17.0 | 182,124 | 13.0 | 186,059 | 13.0 | 207,778 | 14.9 |
| Exports: | | | | | | | | |
| Meat and preparations | 14,590 | — | 20,874 | — | 27,094 | — | 38,694 | — |
| Corn | 99,936 | — | 99,798 | — | 74,381 | 5.5 | 85,253 | — |
| Fresh fruit | 72,602 | — | 93,710 | — | 88,870 | — | 106,292 | — |
| Other fruits and vegetables | 39,302 | 1.0 | 77,206 | 3.0 | 79,056 | — | 77,260 | — |
| Sugar and preparations | 49,268 | 20.0 | 59,400 | 13.0 | 72,971 | 14.0 | 95,087 | 15.9 |
| Animal feeds | 10,369 | — | 21,671 | .8 | 30,331 | — | 28,704 | — |
| Tobacco, unmanufactured | 5,156 | — | 10,871 | — | 12,459 | — | 10,558 | — |
| Hides and skins | 38,613 | 1.8 | 27,522 | 2.6 | 28,784 | 3.1 | 27,237 | 2.2 |
| Oilseeds | 12,813 | — | 13,063 | — | 14,517 | — | 16,187 | — |
| Wool | 170,017 | 13.9 | 140,462 | 9.7 | 96,927 | 6.9 | 66,307 | 2.8 |
| Other | 38,238 | 4.9 | 46,211 | 3.9 | 40,704 | 3.3 | 54,305 | 2.2 |
| Total agricultural exports | 550,904 | 6.7 | 610,788 | 4.6 | 566,094 | 4.2 | 605,884 | 3.4 |

# U.S. Farm-Product Sales On the Rise in Lebanon

DESPITE CONTINUED political uncertainty in the Mideast, U.S. farm sales to one country there—Lebanon—have shown a sharp upswing in the last few years and promise to rise further in the years ahead.

Rapid recovery in tourism after a 3-year setback, rising per capita income, and Lebanon's traditional role as commercial center and gateway to the Mideast are among the factors working in favor of this trade, which in fiscal 1972 hit $26.6 million, or more than double the low 1969 level of $11.9 million and significantly above the 1965-69 average of $16.1 million.

The important tourism industry, which fell off sharply between mid-1967 and 1970, had made a comeback by 1971 when tourists started returning to Lebanon. Their total number for that year was 700,000—double the level for 1969. These tourists are served by about 100 hotels in Beirut and surrounding areas—hotels that purchase high-quality food products to satisfy demands of their guests from other Mideastern countries, the United States, Europe, and Japan.

This expanding buying for tourists, plus a gradual rise in the Lebanese standard of living, is paving the way for gains in total imports from the United States. It is also increasing prospects for individual products like baby chicks, for the expanding domestic poultry industry; poultry products (mainly turkey); long-grain rice; and beef. In the past, U.S. exports to Lebanon of these and other products for direct consumption have been dwarfed by those of bulk items like wheat, feedgrains, and oilseed meal and oils.

Also important to U.S. agriculture is Lebanon's long-standing role as trading center of the Mideast. While this role has diminished in recent years as neighboring countries have emphasized direct purchases, Lebanese businessmen still are frequently important intermediaries for trade with countries that have no diplomatic relations with the United States—Syria, Egypt, and Iraq.

Moreover, businessmen from Jordan, Saudi Arabia, Kuwait, and the Gulf States travel regularly to Beirut to meet traders and look at new product lines they may eventually want to import directly into their own countries.

In addition, the large international community in Beirut provides a significant and steady demand for high-quality products such as those imported from the United States.

Another possible stimulus to trade with the United States is the devaluation of the dollar, which is making U.S. prices more competitive with those of other suppliers.

Aside from these special conditions, the nature of the Lebanese market in general—and of that for the Mideast as a whole—makes for continued gains in agricultural imports.

Lebanon is a small country, and lack of arable land precludes sizable production of most items. The products in which it is self-sufficient are citrus and deciduous fruits, bananas, most fresh vegetables including potatoes, and broilers and eggs. The country must import most other food needs, especially basic foods like rice, wheat, and livestock for slaughter—as well as cotton, vegetable oilseeds, processed foods, and other grocery items.

These move into the country virtually free of restrictions. The few restrictions that do exist include an annual quota of some 30,000 tons of flour and licensing requirements which currently preclude imports of whole chickens or chicken parts. However, turkeys, chicken parts, and other poultry meat and game can be imported.

Major U.S. competitors for the Lebenese market include other Arab countries, France, the United Kingdom, Denmark, Australia, and Eastern European countries.

*A sheikh from Saudi Arabia examines U.S. products at 1968 Beirut Trade Fair.*

Like its farm production, Lebanon's agricultural processing industries are small and center mainly on production of fruit juices and canned vegetables. A broiler industry exists, allowing Lebanon to export small quantities of broilers as well as about half its egg production. There is also a substantial feed milling industry, including one mill in a joint venture with a U.S. feed company.

Such joint ventures are becoming popular for food and related businesses —a trend that could be of additional help in increasing U.S. agricultural exports to Lebanon and to neighboring countries. Where U.S. raw agricultural products would be required in processing, joint ventures could increase U.S. sales of feedgrains, livestock, broilers (outside Lebanon), and other items.

U.S. market development work in Lebanon, which has been largely dormant in the last few years, is being stepped up with U.S. participation in Beirut's Food Show this May 14-18 as the first major activity on the agenda.

This will be the second time the U.S. trade has participated in the Beirut show. The first time, in October 1968, U.S. farm products attracted wide attention not only in Lebanon but also from many representatives of neighboring Mideastern countries.

# Finland's Farm Imports at New High—U.S. Shipments Up

FINLAND'S FOREIGN trade in agricultural products reached new highs in fiscal 1972, with imports of U.S. commodities gaining in almost all categories except grain. Prospects for further U.S. sales are considered excellent.

Total Finnish farm imports rose to $269 million in fiscal 1972, with imports of U.S. farm products going to $21.3 million, a 21-percent increase over the previous year's $17.6 million. Major gains occurred in U.S. sales of fruits and vegetables, tobacco, unprepared hides and skins, and cotton. Grain imports fell, due to higher Finnish production, and oilseed imports leveled off because of competition from the USSR and China.

Citrus juices—and other **fruits and vegetables**—accounted for over a fourth of the value of U.S. farm trade with Finland in fiscal 1972. Imports of U.S. frozen citrus juice concentrate alone rose tenfold in volume in the first half of 1972, compared to the same period in 1971.

Consumption of citrus juices soared, as Finns drank some 8,500 tons of single strength orange juice during the first 6 months of 1972, of which 30 percent came from the United States. Annual consumption of citrus juice is expected to rise to 20,000-25,000 tons in the next few years, and U.S. juice exports should rise proportionately, provided licenses are granted and import taxes not increased.

The thriving U.S. fruit and vegetable trade, particularly in citrus juice, reflects strong U.S. market development programs, especially that of the Florida Citrus Commission, as well as the flexibility of the Finnish import licensing system in granting global licenses. Although the 1972 global quota for fruits and vegetables was originally $600,000, total imports of fruit juices alone reached $2.3 million during the first half of 1972.

If U.S. juice exports to Finland continue at the present rate, imports of both concentrate and single strength juice will reach a value of $1.3 million for 1972. This country's 30 percent of the market in terms of value compares with Israel's 35 percent and Brazil's 15 percent. Although Brazil's export prices are about 20 percent lower than U.S. prices, promotional efforts and high quality should prevent declines in the U.S. share.

OTHER FRUIT AND vegetable imports from the United States, both fresh and canned, are on the upswing, with the exception of dried fruit, where consumption has been gradually decreasing. However, canned fruits and vegetables are subject to increasing competition, except for peaches, fruit cocktail, and corn. Imports of U.S. grapes gained substantially in 1972, though apples dropped. Fresh vegetable trade is considered promising.

As in the past, Finland provides an excellent market for U.S. leaf **tobacco,** although the U.S. share was down somewhat from its usual 50 percent. Of total imports of 7,700 tons in 1971-72, about 3,200 tons were from the United States. Cigarette sales were up and the use of leaf tobacco increased moderately. In addition, Finland has developed a small but promising export market for cigarettes which is helping to support imports and utilization of leaf tobacco.

In fiscal 1972, the value of U.S. **grain and grain products** shipped to Finland fell to $1.1 million from $1.8 million in 1971, as a result of large stocks of coarse grain accumulated in recent years. Finland will probably limit wheat imports to 10,000 tons, with the largest share to be taken from the USSR. Corn imports will also be restricted to 10,000 tons, and prospects are good that most will be supplied by the United States. Sales of U.S. long grain and parboiled rice are promising due to changes in Finnish diets.

Finland continues to offer a limited market for U.S. **cotton.** In the 1971-72 crop year, Finland imported about 65,000 bales of raw cotton, of which about 5,000 bales came from the United States. Cotton imports and consumption seem to have stabilized in recent years and this will probably continue in spite of competitive imports of foreign yarns and fabrics.

However, the market for U.S. cotton is restricted by Finland's commitment to buy 55,200 bales of Russian cotton during 1971-72 and 50,600 bales in 1972-73. Recent developments may have encouraging effects on U.S. cotton sales in 1973, as U.S. cotton prices have become more competitive.

**Soybean** imports from the United States, in spite of competition from the USSR and China, increased in early 1972 to 36 percent of the market. Soybeans accounted for $1.6 million in sales in the first 6 months of 1972. Margarine consumption remained the same in 1971-72 and is not expected to increase as butter price supports have been proposed to encourage consumption and reduce surpluses. Therefore, oilseed requirements are not projected to rise.

Finland's exports in fiscal 1971-72 amounted to $186 million and consisted largely of dairy products, hides and skins, meat and meat products, grain and grain products, and sugar. The reexport of imported sugar continued at a high level.

Finnish farm exports were boosted by a trade agreement signed with the Soviet Union in September 1972, providing for supplementary exports in 1972 and 1973. In 1972, Finland supplied an additional 10,000 tons of butter, 4,000 tons of eggs, and 3,000 tons of milk powder. For 1973, the agreement calls for 10,000 tons of milk powder and 450 tons of eggs. The new outlet for butter will absorb about half of Finland's surplus 20,000 tons in 1972.

TOTAL GRAIN EXPORTS in 1971-72 are expected to reach 300,000 tons to reduce large stockpiles. By August 1972, 56,000 tons of feedgrains, had been sold to the Soviet Union and another 15,000 to the United Kingdom.

The official crop survey suggests yields in 1972 will be somewhat higher than usual. Grain production, though above average, declined from 1971's

output due to heavy rains, lodging, and fungi. The bread grain crop is expected to decrease slightly and the coarse grain crop to decline by 9 percent. Acreage for hay declined silghtly, while that for grain increased. The hay and sugarbeet crops were comparatively large, and deciduous fruit crops average or slightly below.

In 1971-72, Finnish output of meat mounted by 9 percent and milk by 2 percent. The census of June 1972 showed a slight decline for all kinds of livestock, except poultry. Prospects in 1973 are for a continued rise in beef production, but a decline for pork. Production of milk and dairy products is expected to increase slightly because of larger yields per cow.

As in past years, increases in pork and butter production are causing a surplus problem and stocks are much above normal. Butter stocks are expected to increase further as domestic consumption declines and, in spite of Russian purchases, foreign trade is not sufficient to relieve the surplus significantly.

FUR SKIN PRODUCTION in Finland continued at about the same level as 1971 but prices for mink skins, off in recent years, have recovered. In 1972, mink skin production is estimated at 2.7 million pieces and blue fox at 90,000.

Finland's new coalition Government is presently reviewing a draft trade agreement with the European Community (EC), which was previously approved by a minority government. Special considerations are being given to the agreement's effect on agriculture, foreign trade, and industry, as well as to political factors.

The draft agreement would subject Finnish agricultural exports to the United Kingdom and other prospective EC members to revenue duties during a transitional period, and provide for expansion of agricultural trade. Preferential EC treatment of Finnish textile products could improve EC imports of Finnish textiles, which are well known for their outstanding design. Under the proposal, EC duties on textiles, now 20 to 24 percent, would be removed over 4-1/2 years, while Finnish import duties from EC countries, now 20 to 24 percent, would be phased out over a 12-year period.

The agreement permits either party to enter into tariff unions, free trade zones, and border arrangements provided that trade arrangements in the agreement are not affected.

In July 1972, Finland's EC negotiators proposed a special agricultural agreement with Sweden. The treaty's purpose is to promote exchange of farm products, and notably to maintain the trade advantages gained through the European Free Trade Agreement (EFTA). Sweden has agreed to consider the agreement and Switzerland has reportedly expressed interest in the pact. Finland is an associate member of EFTA and Sweden and Switzerland are full members.

—Based on a dispatch from
GEORG FROSTENSON
*Office of the U.S. Agricultural Attaché, Stockholm*

*Larger yields from Ayrshire dairy cattle (above) are contributing to Finland's increased output of milk and dairy products, while wool from sheep (left) is used to produce Finnish textiles, known worldwide for their outstanding design.*

# CROPS AND MARKETS

## World Bank Makes Loans to Brazil, Costa Rica, Malagasy, and Senegal

The World Bank Group has approved loans and credits totaling $61.9 million for projects in Brazil, Costa Rica, Malagasy, and Senegal.

The largest financing is a combination World Bank loan of $15 million and a $15 million credit from the International Development Association (IDA), an affiliate of the World Bank, to Malagasy to construct some 259 miles of roads serving agricultural and livestock areas.

The Bank also made a $26 million loan to Brazil for livestock development. The loan will help provide long-term financing to some 700 farmers and ranchers for onfarm investment that are expected to double their livestock output to some 50,000 tons carcass weight a year.

An IDA credit of $4.5 million for Senegal will be used to implement an irrigation scheme that the World Bank says will expand rice cultivation and encourage double cropping. The scheme is expected to generate about $1.2 million annually in import savings and to more than double the incomes of some 10,000 participating small farmers.

And a $1.4 million Bank loan for Costa Rica was approved for studies and detailed engineering for two important road links from San Jose to Puerto Viejo and to Siquirres.

## Manmade Fiber and Wool Textile Pact with Macao

A trade agreement has been signed between the United States and the Portuguese Government concerning imports of manmade fiber and wool textiles from Macao. Textile interests in Hong Kong established branch plants in Macao after Hong Kong's exports of wool and manmade fibers to the United States became subject to limitations on October 1, 1971.

Macao's exports of manmade fiber textiles to the United States were less than 500,000 square yards in 1970, less than 750,000 in 1971, and were 16.2 million in the year ending October 1972. Under the agreement 24 million square yards of manmade fiber textiles are to be shipped.

# FRUITS, NUTS, AND VEGETABLES

## Argentine Ministry Estimates Pear and Apple Crop Damage

The first official estimate of damage to pear and apple crops in Argentina's Río Negro and Mendoza Provinces, the country's two major producing areas, and in several less important Provinces, resulting from severe frosts in early October and hailstorms at about the same time, have been released by the Argentine Ministry of Agriculture.

The Ministry reports a 59-percent decline from a year earlier for pears and a drop of 57 percent for apples. A comparison, in metric tons, between the final 1971-72 production estimate, and the first for 1972-73, follows:

| | 1971-72 | 1972-73 |
|---|---|---|
| Apples | 513,300 | 222,800 |
| Pears | 97,900 | 40,000 |

The Ministry's first estimate for new-crop apple losses by Province indicates that anticipated decreases will range from 18 percent in Buenos Aires to 64 percent in Néuquen Province. The loss in Río Negro, which accounts for 64 percent of total production, is estimated at 61 percent.

Even as the survey leading to the Government's first estimate was being conducted, new hailstorms hit Mendoza and San Juan Provinces and undoubtedly further reduced the quantity and quality of fruit to be harvested. The effects of these storms have not yet been assessed.

Because of sharp reductions in 1972-73 apple and pear output, and lower qualities of both, exports of these fruits in 1973 will be down considerably from a year earlier.

Brazil, the Netherlands, and West Germany are expected to be Argentina's leading export markets for apples, while Brazil, the Netherlands, and the United States will probably continue as main customers for Argentine pears.

## EC Export Subsidies for Fresh Fruits and Tree Nuts

The European Community recently announced a list of export subsidies which became effective November 28, 1972. The commodities covered are oranges, mandarins, lemons, hothouse grapes, apples, shelled almonds and filberts, and inshell walnuts. The rates and commodity coverage are essentially the same as were in effect during 1972.

The major change in the new listing is that three Latin American countries—Brazil, Venezuela, and Peru—have been added as eligible destinations. Previously, the apple export subsidy was applicable only to shipments to selected areas other than the Western Hemisphere.

The subsidy on apples is 3 units of account, or an equivalent of 62 U.S. cents per 42-pound carton.

## Smaller French Canned Fruit Pack

Rainy spring and summer weather coupled with high fresh fruit prices cut the 1972 French canned deciduous fruit pack. Total production is estimated at 2,204,000 cases, basis 24/2½'s, 23 percent less than the 1971 pack of 2,852,000 cases. Processing yields were reduced as heavy summer rain damaged fruit. Production of all items except apricots was reported smaller.

Estimated 1972 packs, with 1971 in parentheses, are as follows: Mixed fruit, 980,000 cases (1,310,000); peaches, 465,000 cases (625,000); cherries, 392,000 cases (489,000); pears, 147,000 cases (209,000); and apricots, 220,000 cases (219,000).

France is a net importer of canned fruit. Its 1971 imports

of canned apricots, peaches, pears, and mixed fruit totaled 845,000 cases. Apricot imports were largest, totaling 477,000 cases, followed by peaches, mixed fruit, and pears.

Morocco was the largest supplier of apricots, Greece the major supplier of peaches, and Italy the major supplier of mixed fruit and pears.

Exports of these items totaled 246,000 cases.

## Greek Canning Peach Production

Greek peach growers have begun introducing clingstone peach varieties into Western Macedonia, an area known as the peach basket of Greece. Current clingstone canning peach production is still small, but it has risen from an estimated 330 short tons in 1970 to 3,300 tons in 1972. A total of 27,500 tons of all peaches (clingstone and freestone) were canned during 1972. Greek Ministry of Agriculture officials foresee a potential clingstone crop of 55,000 tons by the end of the current decade.

Plantings began in 1966 when a Greek canning firm, in a joint venture with a foreign company, began to contract for clingstone acreage with peach growers. Recently other Greek canneries have initiated similar grower contracts.

Plantings totaled 2,150 acres during the 1966-70 period, but were sharply increased after high returns were realized from the 1970 crop. In 1971, 4,200 acres were set out, bringing the clingstone peach total to 6,350 acres.

Fortuna, Halford, Dixon, and Caroline are the main clingstone varieties in Greece.

## Lebanon's 1971-72 Citrus Output Below 1970-71 Record

Lebanon's 1971-72 citrus output is estimated at 244,900 metric tons, or 10 percent below the record 1970-71 crop. The reduction is largely attributable to wet weather at blossom time which reduced yields. However, quality and size of the fruit in the 1971-72 season were good.

Reports from the trade indicate that the 1972-73 crop will set a new record of 299,800 tons. Improvement in cultural practices, particularly heavier applications of fertilizer, are largely responsible for the improvement in yields expected this season.

Citrus exports during the 1971-72 season totaled 144,200 tons, or 23 percent below the 1970-71 season, but they are expected to show a gain during the 1972-73 season, reaching an estimated 179,800 tons.

Lebanon sells most of its citrus exports to nearby Arab countries and to Eastern Europe. In 1971-72, Arab countries took all of Lebanon's tangerines, 98.5 percent of its oranges, 28 percent of its grapefruits, and 32 percent of its lemons. East European countries took 61 percent of its grapefruit exports and 66 percent of its lemons.

# COTTON

## Indian Cotton Output Down From 1971 Bumper Crop

Bad weather has adversely affected India's cotton crop for 1972-73. Despite a probable increase in acreage under cotton (rough estimates indicate a boost of about 7 percent), early forecasts for an outturn of 5.4 million bales (480 lb. net) are now being revised down to 5.1 million bales. Both figures are below last year's bumper crop of 5.9 million bales. Unlike several other major producing countries whose cotton was damaged by rain, India suffered a prolonged post-planting drought.

The smaller harvest should not, however, substantially change supply-distribution trends of the past few years. Consumption will probably be down slightly to 5.4 million bales from 5.5 million last year, but this is due at least as much to major shortages in hydroelectric power as to the reduced harvest. Stocks were very high in August 1972 at 2.4 million bales and are not expected to decrease significantly.

Imports will likely continue the downward trend begun in 1969, falling to around 450,000 bales from near 600,000 in the 1971-72 season. The U.S. share of the Indian market has been declining though this country was still the largest single supplier in 1971-72, holding one-third of the market.

Exports from India in 1973 may decline slightly from about 225,000 bales last year—even though export quota restrictions have been removed—unless exports to Bangladesh prove to be high.

# GRAINS, FEEDS, PULSES, AND SEEDS

## Grain Exports and Transportation Trends: Week Ending January 12

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.5 million metric tons for the week ending January 12—a 21-percent gain from the week before but 3 percent below the December weekly average.

Inland transportation again reached a high level during the week. Railcar loadings of grain totaled 33,162 cars, up 22 percent from the week before. Barge shipments of grain totaled 517,000 metric tons, up 45 percent from last week.

GRAIN EXPORT AND TRANSPORTATION TRENDS: WEEK ENDING JANUARY 12

| Item | Week ending Jan. 12 | Previous week | Weekly average, December | Weekly average, second quarter |
|---|---|---|---|---|
| | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* |
| Weekly inspections for export: | | | | |
| Wheat | 559 | 640 | 572 | 557 |
| Feedgrains | 630 | 453 | 637 | 595 |
| Soybeans | 308 | 147 | 333 | 351 |
| Total | 1,497 | 1,240 | 1,542 | 1,503 |
| Inland transportation: | | | | |
| Barge shipments of grain | 517 | 357 | 429 | 559 |
| | *Number* | *Number* | *Number* | *Number* |
| Railcar loadings of grain | 33,162 | 27,267 | 31,308 | 30,923 |

## United States Donates More P.L. 480 Wheat to Bangladesh

In response to an urgent appeal from the United Nations, the U.S. Government is donating an additional 100,000 tons of wheat to the people of Bangladesh under Title II of Public Law 480.

This is in addition to 100,000 tons of wheat committed in November by the U.S. Government in response to the latest United Nations appeal for the delivery of 700,000 tons of grain to Bangladesh during the critical January-March period. Delivered value of the new commitment of 100,000 tons of wheat is about $10 million.

To date, the United States has committed 850,000 tons of wheat, 150,000 tons of rice, and 75,000 tons of edible oil to the people of Bangladesh. In addition, 40,000 tons of sweetened blended foods have been donated through UNICEF.

Including the latest wheat commitment, the U.S. Government has contributed approximately $320 million in cash, food, medical and other relief and rehabilitation assistance to Bangladesh since its independence.

## South African Drought Hits Corn Crop

Reports from Pretoria, as of mid-January, indicated that the corn planting season is past, and that severe drought continues. Due to heavy old-crop stocks, there is to be no slowdown of exports at least through April, but a crop of over 5 million tons (leaving no new supplies for export) now is reported to be highly doubtful even if good rains occur during the balance of the season.

## French Corn Quandry

Damp and frosty weather prevented full maturity of a large portion of the 1972 corn crop north of Paris and in higher elevations in the south central part of France. Some farmers harvested corn having in excess of 50 percent moisture. Many French corn producers in the north of France had used longer-maturing varieties this year than was recommended for the region. Four exceptional years of long hot summers had encouraged them to plant higher-yielding, longer-maturing varieties, but this year they lost the gamble.

Producers must now decide whether to play safe and use the 10-15 percent lower-yielding but earlier-maturing varieties, gamble again with the longer-maturing varieties, or to plant more wheat in place of corn.

## Australian Sorghum Crop Down

As of mid-January, indications in Australia pointed to a sorghum crop of about 1,089,000 tons, which is slightly below earlier estimates and compares with 1,102,000 tons last year and a record 1,297,000 tons 2 years ago. Despite severe drought, a New South Wales record area of 500,000 acres in sorghum may produce 272,000 tons. Queensland's 1.1 million acres of sorghum are in good condition and point to an 817,000-ton crop.

## Argentine Feedgrain Outlook Improves

Heavy rains in late December in Argentina have created an air of optimism concerning corn and grain sorghum crops to be harvested in the March-May period of 1973. Sufficient moisture is now present in most areas to insure good growth and development of the crops. Near record yields have been forecast.

The corn crop is estimated at 8.6 million tons compared with 5.9 million last year, while grain sorghum is estimated at 4.2 million tons against 2.6 million in 1972.

If these levels are achieved, heavy exports would resume in March and April and might reach a level of 6.5 million tons (combined corn and sorghum) for the 1973-74 (April-March) marketing year, compared with 2.5 million in the previous year.

## Thai Corn Exports To Plummet

Due to a sharply reduced corn crop outturn this past autumn, Thailand announced a steep reduction in its corn export plans during late September. The total quantity of corn to be shipped to Japan by Thailand was reduced from the originally scheduled level of almost 1.5 million tons to only about 700,000 tons. During late December this amount was reduced by an additional 110,000 tons, apparently reflecting a further downward revision of estimated supply Thailand will have available for export.

## Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Jan. 24 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-14 | 3.19 | −8 | 1.99 |
| USSR SKS-14 | (1) | (1) | 1.87 |
| Australian FAQ [2] | 3.07 | +1 | 1.65 |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 3.15 | +3 | 1.92 |
| 15 percent | 3.17 | +3 | 1.97 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 2.95 | −2 | 1.80 |
| No. 3 Hard Amber Durum | 3.07 | +1 | 1.82 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 2.23 | +2 | 1.45 |
| Argentine Plate corn | 2.41 | +1 | 1.61 |
| U.S. No. 2 sorghum | 2.31 | +4 | 1.49 |
| Argentine-Granifero sorghum | 2.30 | +4 | 1.52 |
| U.S. No. 3 Feed barley | 2.04 | +1 | 1.25 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 6.11 | +54 | 3.43 |
| EC import levies: [3] | | | |
| Wheat [4] | [5] .88 | +10 | 1.59 |
| Corn [6] | [5] .63 | 0 | 1.07 |
| Sorghum [6] | [5] .49 | −6 | .97 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] The grain levies in the new member countries are reduced by the following amounts through July 31, 1973: Wheat—United Kingdom, $1.31; Denmark, $0.29; Ireland, $0.23. Corn—United Kingdom, $1.02; Ireland, $0.63. Sorghum—United Kingdom, $1.03; Ireland, $0.68. [4] Durum has a separate levy. [5] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [6] Italian levies are 21 cents a bu. lower than those of other EC countries.

# SUGAR AND TROPICAL PRODUCTS

## Antigua's Sugar Industry Not Likely To Revive

There has been no sugar production in Antigua since 1971, and it is not likely that the industry will be revived. Ineffi-

cient production coupled with spiraling wage rates and a growing labor shortage are primary factors affecting the sugar industry.

The one factory (which began operations in 1905) on the island is closed, and it has been estimated it would require approximately US$20 million to revive sugar in Antigua. The British Government has agreed to make a loan available for a new agricultural development plan which calls for the diversification of the industry. Reportedly, the emphasis will be on Sea Island cotton and food production, the latter for both local and tourist needs.

Sugar has been a very important commodity for Antigua, and substantial exports (10,737 long tons from the 1971 harvest) were made, especially to neighboring islands. Some 12,000 acres of land were devoted to sugarcane.

In calendar 1971 some 1,200 persons were employed during the harvesting season and 800 in the out-of-crop season. Additionally, about 1,500 small farmers depended mainly on sugarcane for a livelihood.

## Ghana To Rehabilitate Sugar Industry With IDA Loan

The International Development Association (IDA), an affiliate of the World Bank, has approved a credit equivalent to $15.6 million to help rehabilitate Ghana's sugar industry by expansion of cane production, replacement of field and factory equipment, improvement of management, and a feasibility study for future expansion. Technical assistance to strengthen Ghana's Agricultural Development Bank (ADB) is also provided under the project.

The project consists of rehabilitation of Ghana's two sugar factories and estates—at Komenda, in the coastal region, and at Asuchuali, further north. Efficient management and new equipment for the estates' operation will also be provided. Some sugarcane fields will be expanded and rehabilitated and credit will be granted to growers.

The undertaking will insure the continued employment of some 5,000 workers on the two estates, including about 3,000 at Asuchuali who would otherwise have been laid off. It is also expected to create about 1,700 additional jobs.

## Brazil To Plant 600 Million Coffee Trees in 3 Years

Brazil is investing US$740 million in a 3-year program to plant 600 million coffee trees at a rate of 200 million a year starting with 1972-73. The program's aim is to raise annual average coffee production potential from 20 million bags to a range of between 26 million and 28 million bags.

The Brazilian Coffee Institute (IBC) in March 1972 allocated $195 million to finance the first year's operations.

By August 1972, coffee farmers' requests for financing for 152 million trees demonstrated the acceptance of the program in comparison with those in effect the previous 3 years.

Financing for another 100 million trees has been requested since August.

Two factors, one technological, the other financial, account for this initial success. The program provides generous financing for nurseries to enable them to produce from 100,000 to 1 million seedlings. Comprehensive financing is available at attractive rates to planters for all inputs, such as seedlings, fertilizer, insecticides, fungicides, and pruning.

Full execution of this 3-year program would be the largest capital investment ever made in Brazilian agriculture. Even Brazil's livestock development fund's (FUNDEPE) $120 million is small by comparison.

# FATS, OILS, AND OILSEEDS

## Philippine Exports of Coconut Products Continue Upward

During the January-December 1972 period, Philippine exports of copra and coconut oil rose to 1.1 million metric tons (oil basis)—237,500 tons above the same 12 months in 1971. The increase is equivalent to the oil fraction of 49 million bushels of soybeans.

Although cumulative exports in the 12 months of 1972 increased by 28 percent, exports for the last 6 months (July-December 1972) indicated only a 13-percent increase.

A further slight boost in bearing-tree acreage is indicated for 1973, but a sharp decrease in rainfall in recent months will likely prevent export growth in 1973, compared with the record large increase achieved in 1972.

## Malaysian Palm Oil Exports To Accelerate in 1973

Based on preliminary export data through November, it appears that West Malaysia's exports of palm oil in 1972 approximated 600,000 metric tons—roughly 70,000 tons above those of 1971, against the 161,000-ton increase between 1970 and 1971. The slackened export growth in 1972 reflected a slowdown in production expansion because of low rainfall earlier in the year as well as some buildup in stocks.

In calendar 1973, Malaysia's palm oil exports are expected to grow at an accelerated rate and could exceed the 1972 volume by roughly 225,000 tons. The anticipated increase reflects a 20-percent boost in bearing-tree acreage, higher yields because of improved rainfall levels, and a possible drawdown in stocks.

# DAIRY AND POULTRY

## Argentine Broiler Sale to Chile

Argentina has announced the export of 1,000 metric tons (2.2 million pounds) of frozen, eviscerated broilers to Chile. The sale was made by the Argentine Chamber of Poultry Producers at a reported price of around $570 per metric ton (26 cents per pound), f.o.b.

According to available information, this is the first poultry export sale by Argentina and follows the elimination in September 1972 of its 32-percent export retention tax. The Chamber of Poultry Producers is interested in making additional sales of broilers to Chile, but with rising costs the Chamber claims that an export rebate may be needed.

Mixed feed production in Argentina is reported to be up 39 percent for the first three quarters of 1972 as compared with the same period in 1971. Since virtually all of the output is poultry feed, this is considered a good indicator of the growth of the poultry industry in Argentina.

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# U.S. Food Relief to Nepal Will Lessen Drought Impact

The fertile Terai area of southern Nepal suffered from unusually hot, dry weather in June and July. Favorable rains in late August brought some relief to fields of rice and corn. However, lower yields are anticipated even if the recent monsoon provided adequate rainfall to make up the shortage.

Nepal is expected to increase food imports to make up for the drought-induced crop shortfall. The United States will provide food relief to Nepal directly and in cooperation with international efforts.

Nepal's paddy rice production fell from 2.7 million metric tons in 1971 to 2.1 million tons in 1972. Corn production is estimated at 700,000 tons in 1972, a drop of 25 percent from the previous year.

India is sending 10,000 tons of rice to Nepal to ease the current food shortage. Nepal is scheduled to provide the Government of India with an equal volume of rice as a replacement from the harvest which began in November. Private traders and cooperatives in Nepal have delivered 200,000 to 400,000 tons of rice in small lots to India annually in the last 4 years. However, because of the drought, Nepal's deliveries of rice to India in 1972-73 are expected to fall rather sharply.

Nepal is also seeking to import up to 100,000 tons of rice from Thailand.

The United States has already programed 32,500 tons of corn to Nepal under Title II, Public Law 480, in fiscal 1973. The U.S. Government will also provide wheat, nonfat dry milk, corn-soya-milk blend (CSM), and vegetable oil for various World Food Programs in Nepal.

U.S. agricultural exports to Nepal in fiscal 1973 might reach $4 million, mostly because of efforts to relieve food shortages in drought-stricken areas. Exports of U.S. agricultural commodities directly to Nepal in fiscal 1972 totaled only $132,000.

Commercial agricultural exports by the United States to Nepal are also expected to rise. The large tobacco factory at Janakpur recently installed new machinery for making filter-tipped cigarettes. U.S. flue-cured and burley tobaccos are already being used by the factory for blending to make filter-tipped cigarettes.

By JOHN B. PARKER, JR.
and AMJAD H. GILL
*Foreign Demand and Competition Division*
*Economic Research Service*

PRODUCTION OF SELECTED CROPS IN NEPAL

[In thousands of metric tons]

| Crop | 1967 | 1968 | 1969 | 1970 [1] | 1971 [1] | 1972 [2] |
|---|---|---|---|---|---|---|
| Rice, paddy | 2,217 | 2,321 | 2,489 | 2,550 | 2,680 | 2,050 |
| Wheat | 187 | 216 | 227 | 242 | 183 | 230 |
| Corn | 875 | 928 | 920 | 940 | 915 | 700 |
| Millet | 112 | 111 | 116 | 120 | 122 | 112 |
| Oilseeds | 56 | 57 | 61 | 65 | 70 | 55 |
| Sugarcane | 147 | 167 | 188 | 199 | 210 | 190 |
| Vegetables (excl. potatoes) | 135 | 160 | 180 | 205 | 195 | 185 |
| Potatoes | 300 | 315 | 290 | 292 | 270 | 310 |
| Fruits | 60 | 65 | 75 | 82 | 85 | 80 |
| Jute | 40 | 44 | 48 | 52 | 57 | 60 |
| Tobacco | 5 | 6 | 6 | 7 | 7 | 6 |

[1] Preliminary data. [2] Forecast. Agriculture and Food Ministry, Kathmandu; Department of Statistics of Government of Nepal, Kathmandu; and ERS estimates.